



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 15, 2003

H.R. 2433

Health Care for Veterans of Project 112/Project SHAD Act of 2003

As ordered reported by the House Committee on Veterans' Affairs on June 26, 2003

SUMMARY

H.R. 2433 would increase benefits for certain veterans and health care workers employed by the Department of Veterans Affairs (VA). The bill would allow veterans who participated in certain chemical and biological warfare tests while on active duty to have greater eligibility for health care offered by VA. In addition, the bill would change VA's current regulation regarding the promotion of nurses and allow nurses who do not have a baccalaureate degree to be promoted to higher pay grades. Finally, H.R. 2433 would require VA to pay certain health care workers a premium for working on Saturday.

CBO estimates that implementing the bill would cost \$1 million in 2004 and \$8 million over the 2004-2008 period, assuming appropriation of the estimated amounts. The bill would not affect direct spending or receipts. The estimate does not include the costs of the provision that would require VA to pay certain health care workers a premium for working on Saturday because CBO cannot estimate the costs at this time.

H.R. 2433 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2433 is shown in the following table. This estimate assumes the legislation will be enacted by the end of fiscal year 2003, that the necessary funds for implementing the bill will be provided for each year, and that outlays will follow historical spending patterns for existing or similar programs. The costs of this legislation fall within budget function 700 (veterans benefits and services).

By Fiscal Year, in Millions of Dollars						
2003	2004	2005	2006	2007	2008	

SPENDING SUBJECT TO APPROPRIATION

Baseline Spending Under Current Law for Veterans' Medical Care

Estimated Authorization Level ^a	25,279	26,153	26,987	27,890	28,824	29,452
Estimated Outlays	25,677	26,179	26,783	27,655	28,583	29,271

Proposed Changes ^b

Estimated Authorization Level	0	1	1	2	2	2
Estimated Outlays	0	1	1	2	2	2

Spending Under H.R. 2433 for Veterans' Medical Care

Estimated Authorization Level	25,279	26,154	27,988	27,892	28,826	29,454
Estimated Outlays	25,677	26,180	26,784	27,657	28,585	29,273

a. The 2003 level is the estimated net amount appropriated for that year. No full-year appropriation has yet been provided for fiscal year 2004. The current-law amounts for the 2004-2008 period assume that appropriations remain at the 2003 level with adjustments for anticipated inflation.

b. These amounts do not include the costs of section 4 because CBO cannot estimate the costs at this time.

BASIS OF ESTIMATE

Project 112/Project SHAD

From 1962 to 1973, the Department of Defense (DoD) conducted certain tests to determine the vulnerability of personnel, buildings, and ships to various biological and chemical threats. Some veterans claim that exposure to the agents used in those tests has affected their current health status and would like to receive medical treatment for their health problems at VA facilities. Under H.R. 2433, those veterans who are not currently eligible for medical care from VA and those veterans who currently receive care but pay small copayments based on their priority level would be eligible to receive free health care from VA. This increased eligibility would end on December 31, 2005. After December 31, 2005, CBO expects that VA would allow those veterans who enroll to receive health care from VA under the bill to remain enrolled with VA, though with a lower priority level that would require them to make copayments.

According to data from DoD, about 5,800 members of the military participated in those tests. After adjusting for mortality, CBO estimates that about 5,400 are alive today. Based on information from VA, CBO estimates that 60 percent of those veterans are already eligible to receive health care from VA, though some of those veterans are required to make small copayments for the services they receive. Under section 2, the remaining 40 percent of these veterans, as well as the veterans mentioned above who currently make copayments, would be eligible for free health care. Based on enrollment data provided by VA, CBO estimates that less than 300 veterans would enroll for VA medical care under this bill at an estimated average cost of \$5,100 in 2004. Thus, CBO estimates that implementing this section would cost \$1 million in 2004 and \$8 million over the 2004-2008 period, assuming appropriation of the estimated amounts.

Under the bill, eligible veterans who are currently enrolled in the VA health care system and pay small copayments based on their priority level would no longer make these payments through December 31, 2005. CBO estimates that the lost receipts would be less than \$500,000 each year over the 2004-2006 period. After December 31, 2005, those veterans who would have newly enrolled in the VA health care system under the bill would have a lower priority and would start to make copayments. CBO estimates that these increased receipts also would be less than \$500,000 a year over the 2006-2008 period. (Such payments are recorded as offsetting collections, credited against appropriations.)

Saturday Pay

Currently, many health care workers employed by VA do not receive a pay premium when they work on weekends, although nurses and some other specialized workers do receive that premium. Section 4 would require that all employees providing direct patient-care services or services incident to direct patient-care services receive premium pay equal to 25 percent of their hourly wage, for all hours worked from midnight on Friday through midnight on Sunday. According to VA, these workers are already receiving premium pay for working on Sunday, so the only effect of implementing this section would be to increase the pay they would receive on Saturday. CBO cannot estimate the budgetary impact of implementing this provision, however, since VA has not yet been able to provide information about the amount of premium pay VA currently pays for Saturday and Sunday work.

Nurse Promotion

Under current regulations, VA has five pay grades for its nurses. A nurse cannot advance to a higher grade without both demonstrating the necessary qualifications and having the

required college degree. In order to advance from grade 1 to grade 2, nurses need a baccalaureate degree. Similarly, to advance from grade 2 to grade 3 nurses must have a master's degree. VA currently has a waiver program that allows nurses to be promoted without the requisite degrees. Section 3 would bar VA from requiring a baccalaureate degree as a requirement for promotion, essentially affecting nurse promotions from grade 1 to grade 2.

According to VA, in 2002, only one nurse who sought a promotion from grade 1 to grade 2 was denied a waiver; 468 nurses received waivers and were promoted. (VA also denied promotions to 16 nurses who sought a promotion from grade 2 to grade 3, but this bill would not affect nurses in those grades.) Because VA already has a waiver program, CBO does not expect that the implementation of this bill would affect a significant number of nurses, especially since possession of a baccalaureate degree is not the sole requirement for promotion. Thus CBO estimates that implementing this provision would cost less than \$500,000 a year over the 2004-2008 period, assuming the availability of appropriated funds.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2433 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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